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WORLD MEAT PRODUCTION EXPECTED
TO INCREASE 2 PERCENT IN 1976

Summary

Production of meat (beef and veal, pork, sheepmeat, and poultry) in the key commercial markets of the United States, Canada, the European Community (EC), and Japan is expected to increase from year-earlier levels by about 2 percent in 1976. Of the major markets, a decline in meat production is forecast only for the EC. However, EC beef stock levels, estimated to be about 400,000¹/tons (carcass-weight equivalent basis), dampen any prospect for a surge in imports this year. The EC has, in fact, announced that imports of beef for manufacturing purposes will not be necessary in 1976, as intervention quantities and imports under special programs (the latter estimated to be 200,000-250,000 tons) will more than meet these requirements.

In Japan, meat production is expected to remain stable at about 2 million tons. More pork and poultry supplies are expected to offset forecast declines in beef and veal production. Just as the production mix has changed from the 1975 picture, when beef and veal production was up and pork production down, so is the import mix expected to change. This year, it is believed that less imported pork will be required because of greater domestic pork and poultry production, but that the demand for imported beef will increase to offset reduced production. It is estimated that about 160,000 tons (carcass weight equivalent of imported beef) will be needed in 1976--100,000 tons more than were imported in 1975. Pork imports are expected to decline by about 40,000 tons to 110,000 tons.

Meat production in the United States is expected to increase by about 5 percent in 1976--gains of 3-4 percent are forecast for beef and veal production, 3 percent for pork, and nearly 10 percent for poultry. Most of the increase in pork and poultry is not expected until the second half of the year, causing some speculation that prices for manufacturing-quality beef will rise precipitously in the summer months when the demand for hamburgers and hot dogs for grilling increases significantly and beef production is expected to be at its lowest. While it is true that beef production

¹/ All tons are metric.

for the year is expected to be at its lowest in the second and third quarters, production is still expected to be a record high for these quarters. Also, increased pork production in the third quarter should hold down rises in manufacturing beef prices. Cow prices for the year are expected to peak at about 30 cents per pound during the summer. Historically, this would correspond to a wholesale manufacturing beef price of about 80-85 cents per pound. As of late March, manufacturing beef prices were about 75 cents per pound.

A program of voluntary restraints with supplying countries eligible to export certain meats (primarily fresh, chilled, or frozen beef and veal) is being negotiated by the Department of State. Taking into account this program, beef and veal imports into the United States in 1976 are expected to be about 840,000 tons (carcass weight equivalent)--5 percent or 40,000 tons above the 1975 import level.

Meat production in Canada is expected to increase only slightly this year, with the increase spread about evenly over all categories. Imports of beef and veal are expected to increase to 90,000 tons (carcass weight equivalent) but this increase will be offset by a return to more normal exports to the United States. This trade was interrupted during 1974 and 1975 by import quotas on both sides of the border.

In the major exporting countries and areas--Australia, New Zealand, Central America, Argentina, and Uruguay--beef and veal production is expected to be up by about 6 percent--370,000 tons in 1976. The four key commercial markets are forecast to take nearly 200,000 tons of the increase. About 100,000 tons are expected to be consumed domestically, leaving nearly 70,000 tons for export to nontraditional markets. The most important of these might be the USSR.

There is considerable speculation that the USSR may buy 300,000-600,000 tons of meat in 1976, most of which is expected to be beef. The Australian Meat Board is sending a team to Moscow in April to investigate this possibility. The decision to purchase meat, and the quantity to be purchased, will likely be more a function of Russia's foreign exchange position than other considerations. If a decision is made to import meat from third countries, the contract will undoubtedly go to the lowest bidder.

MAJOR IMPORTERS

United States

U.S. cattle numbers on January 1, 1976, were 128 million head--3 percent smaller than the January 1, 1975, level of 132 million head. The decline of 4 million head during 1975 can be attributed to the heavy rate of slaughter, primarily of nonfed steers, heifers, and cows. Total commercial slaughter for 1976 is estimated at 41.4 million, for a 1 percent increase from the 40.9 million head in 1975. Calf slaughter is expected to decline 26 percent from the high 1975 level of 5.3 million head to 4.0 million in 1976, and production of beef and veal is expected to be 11.7 million tons, compared with 11.3 million tons in 1975, an increase of 3 percent.

In the first 10 weeks of this year, cattle slaughter under Federal inspection averaged about 780,000 head per week, near last fall's record level and about 70,000 head per week more than the year-earlier total. Average slaughter weights have risen since the beginning of the year, reflecting the larger marketings of fed cattle in the slaughter mix, and this has also added to beef output. While the focus of attention is being shifted from nonfed cattle to fed cattle, the level of cow slaughter in the coming months will be a key variable in the fed cattle market. Cow slaughter continues well above the year-earlier level, but has been seasonally slipping below last fall's peaks. Relative strength in feeder cattle markets may be relieving some of the pressure to cull beef cow herds heavily. Weekly cow slaughter under Federal inspection in February was running about 25 percent of total slaughter at around 200,000 head per week compared with some peak weeks last December of 290,000 head.

The inventory of cattle and calves on feed in 23 States totaled 12.3 million head on January 1, 1976--up 28 percent from the year-earlier total. This number falls short of the record January 1, 1973, level of 13.0 million head by 11 percent. The number of steers on feed on January 1 was up 20 percent from the year-earlier level, but the number of heifers on feed was 50 percent higher. From the number of cattle on feed by weight groups, fed beef supplies should continue well above year-earlier levels through summer, but if the slowdown in placements that occurred in January carries through February and March, this could result in some seasonal reductions in fed cattle marketings from the second to the third quarter.

In the last quarter of 1975, returns to cow-calf operators were generally poor. But the reduced inventory and the recent pickup in cattle feeding are bringing the feeder cattle supply more in line with feedlot demand for replacement cattle, and should improve returns to cow-calf operators later in 1976.

Beef and veal exports in 1976 are estimated to be about 40,000 tons (carcass weight equivalent), compared to 20,000 tons in 1975. Restricted Japanese and other world markets were a primary factor in holding down exports in 1974. However, the Japanese purchased about 5,000 tons (product weight) of U.S. beef and veal in 1975 and are expected to purchase around 20,000 tons in 1976.

A voluntary restraint program is being negotiated by the State Department to assure that meat imports subject to the Meat Import Law will fall below the trigger level for quota imposition. For 1976, the trigger level is 1,233.0 million pounds (product weight) and the adjusted base quantity or quota level is 1,120.9 million pounds. This is expected to bring imports to about 840,000 tons, (carcass weight) in 1976 compared with 803,000 tons in 1975. The decision for voluntary restraints in 1976 was due in part to restrictive beef import policies by other major importing areas--primarily the EC and Japan.

Hog numbers on December 1, 1975, were 49.6 million head or 10 percent fewer than in 1974. Projected U.S. hog numbers on December 1, 1976, could be as much as 7 percent greater than 1975 for a total of 53.1 million head. Even with a projected increase of 7 percent, hog numbers would be 14 percent below the relatively high 1974 inventory of 61 million head. Commercial slaughter for calendar 1976 is estimated to be 69.1 million head, compared with 68.7 million in 1975, approximately a 1 percent increase, which could mean increased pork supplies in the short run toward the end of the summer. A more normal slaughter pattern can be attributed to a reduction in sow slaughter and a rebuilding in the inventory of breeding animals.

As projected in the January 1 estimate, poultry meat production is expected to increase 10 percent. Poultry meat production is expected to be around 5.3 million tons, compared with 4.8 million tons in 1975. U.S. broiler production will be around 4 million tons, compared with 3.7 million tons in 1975, an increase of 8 percent, while turkey production should increase 7 or 8 percent in 1976 compared with the year-earlier total.

European Community

EC cattle numbers fell 3 percent during 1975 to 77.1 million head as of January 1, 1976. Cow numbers were also down by 2 percent to 32.2 million head. The greatest declines were in the United Kingdom, where numbers were down 6.5 percent, and Ireland, down 8.2 percent. These two countries combined accounted for 75 percent of the decline in EC cattle numbers during 1975. In the U.K., economic conditions and a 45 percent lower dairy support level compared with that of the other EC countries were the principal reasons for the decline in numbers. In Ireland, depressed world beef prices and limitations on intervention sales prompted continued heavy cow slaughter.

Because of reduced inventories, EC cattle slaughter in 1976 is expected to decline by about 7 percent to 27.3 million head, but heavier carcass weights are expected to make the decline in beef and veal production only 6 percent, to 6.3 million tons.

EC beef imports in 1975 were about 150,000 tons (carcass weight equivalent basis). In 1976, imports are expected to be about 200,000 tons, up slightly from 1975 levels but well below the 985,000 tons (cwe) imported in 1973. Most of these imports are expected to be made under special import programs--GATT quotas, special import quotas for developing countries, and a new jumelage or linked-sales program. A further 50,000 tons might be imported as either beef outside the quota tariff items or with certificates remaining under the old EXIM program. On a carcass-weight equivalent basis, the GATT quota will permit 55,000 tons of beef to be imported free of levy, the LOME quota for developing countries about 20,000 tons, and the linked-sales program is expected to provide imports of about 120,000 tons. This last program allows traders to import beef and live slaughter cattle from third countries at reduced levy rates when they buy an equivalent amount of bone-in or canned beef from intervention stocks. Under this arrangement, the levy on manufacturing beef is only 5 percent

of the published levy, and the levy on live slaughter cattle and other beef products is 40 percent of the published levy. Under the linked-sales program, the reductions in import levy are offset by the higher selling price of the beef from intervention so that there is no price advantage to the importer even with the levy reduction. For this reason, imports under this arrangement are not expected to exceed 120,000 tons.

During the first 2 months of the linked-sales program, the equivalent of 11,000 tons of beef were purchased from intervention stocks to allow an equal amount of imports. Most of the imports under the program are expected to be manufacturing beef because of the levy preferences given this type of import.

EC beef exports this year are expected to be down from 1975 levels to about 200,000 tons (carcass weight equivalent). France is currently negotiating a long-term contract to supply agricultural products to the USSR and 50,000 tons of beef are believed to be included in these sales during 1976. France is also expected to supply about 20,000 tons of beef to Egypt under special programs in 1976.

As of mid-March, the average market price for all EC slaughter cattle was 99.67 UA/100 kg (\$56.63 per 100 lbs.). This price was slightly above the intervention price and 91 percent of the guide price. The new 1976/77 guide price of 118.74 UA/100 kg (\$67.32 per 100 lbs.) is 8 percent above the current guide price, and became effective on March 15, 1976.

According to trade reports, the EC Commission may suspend intervention purchases or reduce them when the average market price in a region is equal to 95 percent of the guide price for a period yet to be decided (possibly 2 weeks in succession). As of mid-March, there were no EC countries with average market prices above 95 percent of the 1976-77 guide price.

SUPPLY AND DISTRIBUTION OF EC CATTLE AND CALF NUMBERS (Million head)

Year	:	Numbers	:	Cow numbers	:	Estimated calf crop	:	Net imports	:	Total slaughter	:	Calf slaughter
1973	:	74.7	:	32.3	:	27.6	:	0.7	:	24.3	:	7.0
1974	:	78.8	:	32.9	:	29.0	:	0.4	:	29.0	:	7.6
1975	:	79.1	:	32.6	:	26.9	:	0.1	:	29.1	:	7.2
1976	:	77.1	:	32.2	:	28.7	:	0.2	:	27.3	:	7.2

On December 1, 1975, EC hog numbers were down about 1 percent to 69.4 million head, but the breeding herd was up about 2.2 percent to 7.9 million head and the pig crop in 1976 is expected to be up about 4.4 percent because of the increased sow numbers and efforts by farmers to save more piglets.

In 1976, hog slaughter and pork production are expected to be up about 3 percent from 1975 levels to 102.1 million head and nearly 8.0 million tons, respectively. Second-half pork production will probably be up slightly more than the first half.

Poultry meat production in EC countries during 1975 decreased from the 1974 levels in all countries except West Germany and Italy. The net decline, however, was only 0.2 percent. Projections for 1976 indicate an increase to around 3.28 million tons, compared with 3.14 million in 1975.

Imports of poultry meat by all EC countries amounted to 345,600 tons in 1975, an increase of around 3.5 percent over that of 1974. Another 4.5 percent increase is expected in 1976. However, most of this is intra-EC trade. While data on non-EC imports are not complete, it is estimated that around 60 million tons of imports in 1975 were from non-EC origins. This amount is expected to decline by about 6 percent in 1976 as a result of higher EC production and continued high import duties.

Egg production in the EC increased by around 2 percent in 1975 but is expected to decline about 1 percent in 1976. Imports, which decreased by almost 8 percent in 1975, are expected to increase by a similar amount in 1976.

Japan

While Japan's per capita consumption of beef, pork, mutton, and poultry is relatively low, Japan is important on the international market, not only because of the quantity of these products it imports, but also because of the ramifications its various import restrictions--quotas for beef, variable levies for pork, and duties for poultry--have on the international market for these products.

In 1973, as the Government of Japan pressed programs to decrease the heavy slaughter of beef breeding cattle and dairy calves, beef imports reached a high of 127,000 tons (product weight), which was almost 45 percent of that available for consumption. In 1974 and 1975, as the slaughter of dairy steers and dairy culls pushed domestic production up, imports (53,000 tons and 44,000 tons, respectively) fell to 20 percent of domestic consumption as purchasing of beef on the international market was stopped.

The sharp rise in the slaughter of dairy calves in that period resulted in fewer dairy steers being available for slaughter in 1976. For this reason, domestic production of beef and veal is forecast to fall 20 percent from the 1975 level of 339,000 tons to 275,000 tons in 1976. Accordingly, imports are expected to rise to almost 160,000 tons (carcass weight equivalent) and comprise almost 40 percent of the projected 1976 consumption. While Australia will continue to provide the majority of the imports, an increasing share will come from the United States to satisfy the sizable retail and restaurant trade. Consumption in 1976 is forecast to increase from the approximate 410,000-ton level in 1975 to 435,000 tons, continuing the gradual increase seen in recent years.

In 1975, fewer cattle were imported from Australia and the United States for slaughter. With beef prices rising in Japan, the high import duty (75,000 yen--approximately \$250) set in 1971 may no longer be prohibitive and cattle for slaughter may enter if quotas for beef are held too low.

The Japanese Government again is strongly advocating the retention of dairy calves for feeding and has added to its various programs in an attempt to aid in retention and expansion of beef cattle herds. The Government will now pay farmers 4,000 yen per head (\$13) for beef cows held for calving, and beef breeding cattle will be imported for Government projects on Hokkaido, the northernmost island.

In 1976, pork production is forecast to recover about three-fourths of the approximately 5 percent decline that occurred in 1975. Hog numbers on February 1 were estimated to be 7.8 million head. Since consumption is forecast to grow slowly, prices may fluctuate, and the duty waiver now in effect may not continue throughout the year. Imports will likely be 110,000 tons (cwe), compared with the 150,000 tons imported in 1975.

Lamb and mutton production is miniscule in Japan with imports supplying over 99 percent of the needs. Virtually all of this import volume is mutton, which is used in the processed meat industry. The 1975 import level of 165,000 tons (cwe) is expected to be equalled in 1976; however, depending on the pork-mutton price relationship for processing meat, pork imports may substitute for some of the mutton imports.

Following a decade of steady rapid growth, during which broiler output increased more than tenfold, production and consumption of all poultry meats stabilized in 1975. An increase of about 4 percent is projected for 1976. Broiler production should increase 5 percent, but this increase will be modified by production of other poultry meat so that the total production increase will be approximately 3 percent. Imports are forecast to increase slightly over the 25,000 tons imported in 1975.

Canada

Beef and veal production in Canada is forecast at 1.065 million tons in 1976--up 1 percent from that of 1975. The level of beef and veal production will be influenced by feed costs and the composition of cattle slaughter. Slaughter of females and calves is expected to average appreciably below 1975. The slaughter of steers and heifers likely will be larger than in 1975. If the return to greater cattle feeding continues through 1976, resulting in heavier market weights, total beef and veal output could exceed the currently projected level.

Canada's imports of beef and veal are expected to total around 90,000 tons (cwe) in 1976, compared with 83,000 tons in 1975. Imports of frozen, boneless beef are projected at 67,000 tons in 1976, compared with 65,000 tons in 1975. Imports of fresh, chilled beef (product weight) are projected at 11,000 tons in 1976, compared with 10,000 tons in 1975. Canada's imports of frozen beef are primarily from Australia and New Zealand, while fresh, chilled beef generally is imported from the United States.

Canada's exports of beef and veal are projected at 35,000 tons (product weight) in 1976, compared with 22,000 tons in 1975. Exports are primarily boneless beef destined for the United States, which for 1976 are forecast at around 29,000 tons (product weight).

These projections of Canada's trade in beef and veal assume that Canadian-U.S. trade will return to more traditional levels and that Canada's price monitoring, or other measures applicable to imports from Australia and New Zealand, will regulate Canadian imports from those two countries.

Canada's pork production currently is projected at 530,000 tons in 1976--up 1 percent from 1975's. Production is expected to be lower than that of a year earlier through midyear, but above year-earlier levels in the second half. Recovery in pork production, following declines in the past 2 years, hinges largely upon a return to hog raising in western Canada, where grain farmers are showing a reluctance to feed high priced grain to livestock.

Canada imported about 51,000 tons of pork (cwe) in 1975 and exported only 43,000 tons. Imports are projected at 52,000 tons in 1976, compared with a projection of 45,000 tons for exports. A large proportion of Canada's pork trade is with the United States. However, both countries export pork to Japan (when the latter country is short of pork) and to the Caribbean area. With Japan's removal of import duties on pork in 1975, a large share of Canada's pork exports went to that country.

Trade in live slaughter animals between Canada and the United States also is expected to move more toward the traditional pattern in 1976. This means that cows for slaughter and processing into boneless beef and feeder stock will move from Canada to the United States. Fat slaughter cattle will tend to move into Canada from the United States.

The trade in slaughter cows from Canada to the United States is not expected to be as large as it was in late 1975, when cows were heavily culled from beef herds in the Prairie Provinces. The export movement of fat cattle from the United States to Canada will be dependent somewhat upon the number and composition of feeder stock imported into the United States from Canada. Heavier cattle, if imported in large numbers, can be fattened and an appreciable number (or their equivalent) reexported to Canada in a short time. Calves and lighter weight feeders require a longer period for fattening.

Trade in slaughter hogs is primarily in one direction--south, because of marketing practices of the Canadian Provincial hog marketing boards. However, pork moves across the border in response to market price differentials. In 1975 the movement of butcher hogs from Canada to the United States contributed to Canada's deficit in pork supplies. The 1975 level of hog exports to the United States was equivalent to about 5,000 tons of pork. Butcher hogs are likely to be in relatively short supply, in Canada through 1976.

Canadian poultry meat production fell 10 percent in 1975, as both broiler and turkey output declined sharply. The reduction in output was partly a result of large stocks and lower prices at the beginning of 1975, especially for turkey. Imports of broilers doubled in 1975, reaching about 7,000 tons. Turkey imports dropped due to continued import quotas. Egg production fell slightly, after a more centralized production quota scheme went into effect on July 4, 1975. Although import quotas were imposed at the same time, total egg imports for the year jumped nearly 50 percent.

Production prospects in 1976 are good for both broiler and turkey output. The drawdown in stocks in 1975 should result in higher production quotas from Provincial broiler boards and the National Turkey Agency. Imports of broilers should continue at last year's level if favorable market conditions continue. Egg production is expected to continue to drop in 1976 as production quotas are further tightened. Import quotas may cause imports to decline.

USSR

During the second quarter of 1976, as in the first, cattle numbers are expected to continue to fluctuate slightly due to continued light culling. A mild cattle cull started in the first quarter of 1976 helped make up for reduced pork and poultry supplies. However, shortages are expected for all categories of meat in the third and fourth quarter of 1976.

Hog numbers on State and collective farms remained constant from February to March at 41.2 million head, seeming to indicate that the peak period of distressed slaughter has passed. However, slightly higher-than-normal slaughter could continue into the second quarter.

Poultry numbers and production are expected to increase in the second quarter. Numbers on State and collective farms increased 7 percent from February to March indicating the influx of a large number of young layers into the flocks, as well as broilers into the broiler complexes.

Total 1975 meat production in the Soviet Union increased 4 percent over the 1974 levels to a new high of 15.2 million metric tons. In comparison with 1974 levels, beef production in 1975 was up 2 percent; pork up 4 percent; mutton and goat meats, up 10 percent; and poultry up 14 percent.

Production prospects for 1976 indicate that beef production will increase due to the mild culling currently in progress, pork production will decline, and poultry production will remain about stable with 1975 levels.

Faced with forecasted shortages of all categories of meat in the second and third quarter of 1976, the Soviets are likely to maintain supplies by importing meat and meat products. There are indications that the Soviets may purchase beef from Australia and the European Community. It is estimated that they will have to import 300,000-600,000 tons of meat to meet Soviet consumer demand.

Australia

Beef and veal production in Australia is forecast at 1.75 million tons in 1976--up 5.6 percent from 1974. Seasonal weather conditions continue to be good throughout most of the country. Heavy flooding has occurred in some areas, but no pasture damage has occurred in the beef growing areas. This year's meat production season seems assured and follows 2 years of generally good weather and pasture conditions.

The low cattle kill in calendar 1974 led to a substantial buildup in numbers (33.0 million head as of March 31, 1975). Due to heavy slaughter in 1975, the rate of annual increase in cattle numbers appears to be leveling off, with March 31, 1976 numbers forecast to show little or no change. Nevertheless, the number of cattle available for slaughter and the potential for beef and veal production remains high. Beef and veal production for 1977 is currently forecast at 1.8 million tons, unless there is severe drought.

Cattle prices have dropped in recent weeks, but are nearly double the level of a year earlier. Brisbane (Cannon Hill market) prices for first quality GAQ (good average quality) steers have risen above the equivalent of U.S. \$0.18 per pound live weight, FAQ (fair average quality) cows above 10 cents per pound and boner cows 8-9 cents per pound. Export prices for beef for the year are forecast at 25 to 30 percent above those of 1975. However, U.S. prices of imported boneless, manufacturing beef to reach this level, probably would have to hold near the level of current quotations. This may not occur because these quotations for imported beef appear to be out of line with prices for comparable U.S. domestic beef. In late March imported boneless cow (manufacturing) beef, 85 percent visible lean, f.o.b. port of entry, was quoted at 73-74 cents per pound.

It is estimated that Australian exports of beef and veal for calendar 1976 will be about 560,000 tons, product weight basis, compared with about 514,000 tons in 1975.

In anticipation of voluntary restraints on exports to the United States in 1976, the Australian Meat Board decided in February that exports of meats subject to the Meat Import Law to the United States during the current shipping year would be controlled to the following quantities: March to May--75,000 tons, June to August--85,000 tons and September to November--56,000 tons. With exports for the December 1975 to February 1976 quarter estimated at 68,000 tons by the Australian Meat Board, exports for the December 1, 1975 to November 30, 1976 shipping year would total 284,000 tons, or about 625 million pounds.

New Zealand

Beef and veal production in New Zealand is forecast at 475 thousand tons in 1976--down 6 percent from 1975's. The decline in output of beef and veal is attributed in part to an expected lower slaughter offtake in June-September this year. During this period last year the New Zealand Meat Board paid slaughter premiums to attract cattle being held off the market in anticipation of the higher guarantee prices announced by the Board on October 1, 1975.

There is some optimism among New Zealand producers in spite of the fact that world cattle numbers are high and Australia, the largest exporter of beef, has a large cattle inventory. New Zealand's cattle slaughter and beef production would be forecast even lower if it were not for anticipated increases in steer, heifer, and cow kills in the South Island where

there is a back-to-sheep-raising trend. On the other hand, if grazing conditions deteriorates and/or the U.S. boneless beef market strengthens further, the decline in slaughter may be less than currently predicted.

Part of the optimism exhibited by cattle producers may be because of the Meat Board's new price stabilization scheme for cattle and sheep meats that was approved by the Government last October. The scheme encompasses guaranteed minimum prices for beef, mutton, and lamb, based on a 3-year moving average of prices--forecast average price for the current season, estimated average price for the past season, and the actual average price for the previous season.

Although the new program provides for increases in minimum prices for beef, Meat Board expenditures likely will be less than the NZ\$36 million spent on supplemental payments and losses on purchases of export beef in the 1974/75 season.

New Zealand's production of beef and veal for export is forecast at nearly 300,000 tons, carcass weight equivalent, for the marketing year ending September 30, 1976--down about 6 percent from that of a year earlier. However, if cattle slaughter is larger than anticipated a corresponding increase would occur in export availabilities.

Currently, New Zealand's exports of beef and veal during the marketing year ending September 30, 1976, are expected to total about 198,000 tons, product weight, about the same as in 1975.

Central America and the Caribbean

Cattle numbers in the eight Central American and Caribbean countries exporting beef to the United States are estimated to have increased from 13.1 million head on January 1, 1975 to 13.4 million head on the same date in 1976. A larger cattle slaughter is projected for most of these countries in 1976 with the average increase approximating 6 percent. Overall herd numbers should increase slightly in 1976.

With the higher export prices for beef at the end of calendar 1975 expected to continue and with the cattle in good condition for slaughter, both slaughter and exports are currently heavy. Since domestic consumption of beef in these countries is projected to increase only 2 percent in 1976, exports should increase approximately 9 percent to 135,000 tons carcass weight equivalent, with the major part of this expected to be exported to the United States. Price changes and/or pasture-weather conditions could affect each of the production, domestic consumption, and export estimates.

While pork and poultry are produced to varying extents in these countries, it is largely for internal consumption. Production and consumption of these meats are generally in an inverse-relationship to beef. With higher export prices and the slower increase in domestic consumption of beef, production, and consumption of these other meats are projected to increase in 1976.

Mexico

The slowdown in the export of feeder cattle from Mexico to the United States in 1975 has resulted in a large quantity of yearlings on pasture in Mexico. These, plus the gradual increase of cattle numbers seen in past years, result in pastures being very heavily stocked.

In 1975, the number of feeder cattle exported from Mexico to the United States fell to 196,000 head compared with 434,000 head in 1974. Exports of beef also fell 23 percent in the same period, from 39 million pounds to 30 million. The decline in beef exports from "Mexican cattle" was even greater as a sizable percentage of the 30 million pounds was from U.S. cattle imported and processed in Mexico under the Maquila program (U.S. cattle imported by Mexico for slaughter and the beef exported back to the United States). Since production increased and exports of Mexican origin beef declined, consumption of beef in Mexico showed a sizable increase in 1975.

In 1976, assuming no unusual weather conditions, the higher price for feeder cattle in the United States should cause exports from Mexico to move toward the higher 1974 level. A larger volume of beef would probably be exported to the United States than in 1975--and depending upon price relationships, it should not include a greater percentage of "Maquila beef" than in 1975 when this represented two-thirds of the Mexican exports. With production forecast to increase about 7.5 percent over 1975's, these factors will still allow an increase of more than 6 percent for domestic beef consumption in Mexico in 1976.

Argentina

The Argentine cattle herd increased slightly in 1975. Argentine ranchers are selling a part of their breeding herds because they are faced with high inflation--which they see raising the prices for their inputs more rapidly than the prices they are receiving for their cattle--current strong export demand, and lighter weight slaughter cattle because of recent drought. Thus, the total number of cattle in Argentina may show a 1 to 2 percent decline by the end of 1976.

Argentine beef production rose more than 16 percent in 1975. With exports declining slightly, most of the increase moved into domestic consumption. The Government, which had earlier emphasized the consumption of meats other than beef in order to have larger quantities of beef for export, reversed this position since nonbeef items faced less restrictions on the international markets. Beef consumption rose to almost 200 pounds per capita.

Beef production is forecast to rise 8 percent in 1976, which will largely move into export. Exports should increase from approximately 265,000 tons carcass weight equivalent in 1975 to 400,000 tons in 1976. Domestic consumption would increase approximately 1 percent above the current high level.

Uruguay

Although pastures were in good condition in the summer (December-February) season, the low fixed price for cattle (the equivalent of approximately 7

cents per pound) and nervousness about being caught with heavily stocked pastures should a drought occur, are causing ranchers in Uruguay to sell a portion of their breeding herd. If this continues, it could result in a reduction in the number of cattle in Uruguay by the end of 1976. Total slaughter of cattle increased 11 percent in 1975 over that of 1974, but lower slaughter weights resulted in a production increase of only six percent. Both slaughter and production are forecast to increase 7 percent in 1976.

Exports on a carcass weight basis declined 5 percent in 1975 from those in 1974 to 114,000 tons carcass weight basis; however, there was a turnaround in the latter part of 1975 and exports in 1976 are projected to increase 40 percent to 160,000 tons. Reportedly Uruguay has already made sales of approximately 80,000 tons, predominately for shipment the first half of the year. If the projected exports and production occur, per capita consumption will fall from the very high level of 188 pounds to a more moderate, for Uruguay, 170 pounds per year. In the past, this has been accomplished by banning the consumption of beef on certain days, with parallel emphasis on increasing consumption of poultry, pork, and/or seafood.

TABLE 1. BEEF AND VEAL: WORLD IMPORTS FOR SELECTED COUNTRIES, AND TOTAL FOR ALL COUNTRIES, ANNUAL 1972 TO DATE--CARCASS WEIGHT EQUIVALENT
(In thousands of metric tons)

Country	1972	1973	1974	Estimate 1975	Forecast 1976 ^{1/}
United States.....	905	917	747	803	840
EC-9 ^{2/}	952	985	433	200	250
Canada.....	99	104	84	83	90
Japan.....	87	194	84	67	160
Spain.....	84	81	20	23	30
Greece.....	52	75	34	52	50
Switzerland.....	43	41	20	10	20
German Democratic Republic.....	42	46	36	35	40
USSR.....	32	16	289	200	300
Chile.....	38	21	0	0	0
Portugal.....	32	20	35	30	30
Other countries.....	240	306	262	650	800
Total ^{1/}	2,606	2,806	2,044	2,153	2,610

^{1/} FAS estimates. ^{2/} Excludes intratrade.

TABLE 2.--BEEF AND VEAL: WORLD EXPORTS FOR SELECTED COUNTRIES AND TOTAL FOR ALL COUNTRIES--ANNUAL 1972 TO DATE--CARCASS WEIGHT EQUIVALENT
(In thousands of metric tons)

Country	1972	1973	1974	Estimate 1975	Forecast 1976 ^{1/}
P.L. 88-482: ^{2/}					
Australia.....	746	920	505	746	855
New Zealand ^{3/}	289	316	267	316	300
Canada.....	42	41	26	17	35
Mexico.....	58	39	19	15	30
Central America ^{4/}	139	132	115	123	135
Subtotal.....	1,274	1,448	932	1,213	1,355
EC-9 ^{5/}	85	82	207	150	200
Argentina.....	674	500	289	265	400
Uruguay.....	146	109	120	114	160
Other countries.....	692	703	530	525	500
Subtotal.....	1,597	1,394	1,146	1,054	1,260
Grand total.....	2,871	2,842	2,078	2,267	2,615

^{1/} FAS forecast. ^{2/} Excludes Ireland. ^{3/} Year ending September. ^{4/} Includes Dominican Republic and Haiti. ^{5/} Excludes intra-trade.

TABLE 3.--BEEF AND VEAL: CONSUMPTION, PRODUCTION, AND IMPORTS FOR UNITED STATES,
EC-9, AND JAPAN 1972 TO DATE--CARCASS WEIGHT EQUIVALENT

Country and year	Per capita consumption	Domestic production	Imports	Share of produc- tion	Share of world imports	Wholesale prices
	Index 1971 = 100	Index 1971 = 100	Index 1971 = 100	Percent	Percent	Cents per kilo
Quantity	Quantity	Quantity	Quantity	Quantity	Quantity	Quantity
Kilos	1,000 M.T.	1,000 M.T.	1,000 M.T.	1,000 M.T.	1,000 M.T.	1,000 M.T.
United States:						
1971.....	52	10,182	100	797	39	107.14
1972.....	54	10,377	102	905	35	116.62
1973.....	51	9,813	96	917	33	142.37
1974.....	54	10,716	105	747	37	144.14
1975 3/.....	56	11,275	111	803	37	149.36
1976 4/.....	57	11,680	115	840	32	165.00
EC-9:						
1971.....	25	6,058	100	560	28	143.03
1972.....	25	5,506	91	952	37	186.62
1973.....	25	5,575	92	985	35	237.94
1974.....	26	6,602	109	433	21	229.98
1975 3/.....	25	6,786	112	200	9	276.81
1976 4/.....	25	6,300	104	250	10	300.00
Japan:						
1971.....	3	275	100	63	3	238.89
1972.....	4	295	107	87	3	280.34
1973.....	4	227	83	194	7	478.31
1974.....	3	293	107	84	4	396.39
1975 3/.....	4	339	123	67	3	487.37
1976 4/.....	4	275	100	160	6	500.00

1/ Intra-trade excluded for EC-9 and world total. 2/ U.S., Dressed fresh beef, Good--600-700 pounds; Chicago, EC-9, Hamburg--wholesale price of bullock and heifers. Japan, fattened Wagyu cattle. 3/ Preliminary. 4/ Estimate.

TABLE 4.--MEAT PRODUCTION IN MAJOR IMPORTING AREAS
ANNUAL 1972 TO DATE--CARCASS WEIGHT EQUIVALENT
(In thousands of metric tons)

Commodity and country	1972	1973	1974	Estimate 1975	Forecast 1976
Beef and veal:					
United States.....	10,377	9,813	10,716	11,275	11,680
Canada	898	897	942	1,052	1,065
EC-9.....	5,506	5,575	6,602	6,786	6,300
Japan.....	295	227	293	339	275
Total.....	17,076	16,512	18,553	19,452	19,320
Pork:					
United States.....	6,187	5,784	6,262	5,229	5,400
Canada.....	632	617	611	524	530
EC-9.....	7,638	7,654	7,898	7,740	7,950
Japan.....	769	842	958	908	945
Total.....	15,226	14,897	15,729	14,401	14,825
Mutton and lamb:					
United States.....	246	233	211	187	170
Canada.....	9	10	8	8	10
EC-9.....	476	483	508	519	500
Japan.....	1	1	(1/)	(1/)	(1/)
Total.....	732	727	727	714	680
Poultry: 2/					
United States.....	4,901	4,846	4,913	4,801	5,275
Canada.....	445	473	469	420	445
EC-9.....	3,017	3,188	3,146	3,139	3,280
Japan.....	621	699	744	751	775
Total.....	8,984	9,206	9,272	9,111	9,775
Total meat:					
United States.....	21,711	20,676	22,102	21,492	22,525
Canada.....	1,984	1,997	2,030	2,004	2,050
EC-9.....	16,637	16,900	18,154	18,184	18,030
Japan.....	1,686	1,769	1,995	1,998	1,995
Total.....	42,018	41,342	44,281	43,678	44,600

1/ Less than 500 metric tons. 2/ Product weight basis.

TABLE 5.--NET MEAT IMPORTS IN MAJOR IMPORTING AREAS
ANNUAL 1972 TO DATE--CARCASS WEIGHT EQUIVALENT
(In thousands of metric tons)

Commodity and country	1972	1973	1974	Estimate 1975	Forecast 1976
Beef and veal:					
United States.....	877	876	718	784	800
Canada.....	57	63	57	65	55
EC-9 1/.....	867	903	226	50	50
Japan.....	87	194	84	67	160
Total.....	1,888	2,036	1,085	966	1,065
Pork:					
United States.....	182	156	166	99	90
Canada.....	-31	-32	-9	8	7
EC-9 1/.....	-33	-61	-69	-50	-50
Japan.....	76	153	60	150	110
Total.....	194	216	148	207	165
Mutton and lamb:					
United States.....	66	23	10	10	15
Canada.....	48	35	22	18	20
EC-9 1/.....	373	310	235	200	200
Japan.....	212	187	126	165	165
Total.....	699	555	393	393	400
Poultry:					
United States.....	-67	-74	-80	-91	-105
Canada.....	5	6	1	9	10
EC-9 2/.....	-51	-74	-87	-66	-65
Japan.....	29	25	23	14	20
Total.....	-84	-117	-143	-134	-140
Total meat:					
United States.....	1,058	981	814	802	800
Canada.....	79	72	71	100	95
EC-9 1/.....	1,156	1,078	305	134	135
Japan.....	404	559	293	396	415
Total.....	2,697	2,690	1,483	1,432	1,445

1/ Excludes intra-trade. 2/ Includes intra-trade, product weight basis.

TABLE 6.--PRODUCTION AND EXPORTS OF BEEF AND VEAL BY MAJOR EXPORTING COUNTRIES
ANNUAL 1972 TO DATE--CARCASS WEIGHT EQUIVALENT
(In thousands of metric tons)

Country	1972	1973	1974	Estimate 1975	Forecast 1976
Production:					
P.L. 88-482 countries: <u>1/</u>					
Australia.....	1,321	1,497	1,258	1,657	1,750
New Zealand <u>2/</u>	411	449	405	507	475
Central America <u>3/</u>	334	333	318	337	355
Mexico.....	593	745	844	889	955
Subtotal.....	2,659	3,024	2,825	3,390	3,535
Other:					
Argentina.....	2,191	2,152	2,145	2,500	2,700
Uruguay.....	290	256	330	350	375
Subtotal.....	2,481	2,408	2,475	2,850	3,075
Total.....	5,140	5,432	5,300	6,240	6,610
Exports:					
P.L. 88-482 countries: <u>1/</u>					
Australia.....	746	920	505	746	855
New Zealand <u>2/</u>	289	316	267	316	300
Central America <u>3/</u>	139	132	115	123	135
Mexico.....	58	39	19	15	30
Subtotal.....	1,232	1,407	906	1,200	1,320
Other:					
Argentina.....	674	500	289	265	400
Uruguay.....	146	109	120	114	160
Subtotal.....	820	609	409	379	560
Total.....	2,052	2,016	1,315	1,579	1,880

1/ Excludes Canada and Ireland. 2/ Year ending September. 3/ Includes Haiti and Dominican Republic.

TABLE 7.--PRODUCTION AND EXPORTS OF MUTTON AND LAMB BY MAJOR EXPORTING COUNTRIES ANNUAL 1972 TO DATE--CARCASS WEIGHT EQUIVALENT

(In thousands of metric tons)

Country	: 1972	: 1973	: 1974	: Estimated	: Forecast
	: 1975	: 1976			
Production:	:	:	:	:	:
Australia.....	866	572	471	547	565
New Zealand <u>1</u> /.....	569	554	498	490	515
Argentina.....	133	128	109	115	115
Total.....	1,568	1,254	1,078	1,152	1,195
Exports:	:	:	:	:	:
Australia.....	373	230	140	242	270
New Zealand <u>1</u> /.....	460	435	394	387	410
Argentina.....	17	28	20	22	20
Total.....	850	693	554	651	700

1/ Year ending September.

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